

Message Text

PAGE 01 COLOMB 00278 302221Z

73

ACTION NEA-09

INFO OCT-01 ISO-00 AID-05 IGA-01 EB-07 COME-00 OES-03

AGR-05 PC-01 USIA-06 IO-10 CIAE-00 INR-07 NSAE-00

RSC-01 DODE-00 TRSE-00 OMB-01 L-02 SP-02 /061 W

----- 101411

R 301211Z JAN 75

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 2162

LIMITED OFFICIAL USE COLOMBO 0278

E.O. 11652 N/A

TAGS: EAID, CE

SUBJ: PRIME MINISTER'S REQUEST FOR SPECIAL US ASSISTANCE

REF: A. COLOMBO 250 B. STATE 020520

1. BEGIN SUMMARY: PRIME MINISTER ASKED TO SEE ME IN LATE AFTERNOON JANUARY 29 FOR PURPOSE ANTICIPATED REF A. CONVERSATION LASTED FOR ALMOST AN HOUR AND A HALF WITH MUCH OF IT DEVOTED TO PROBLEMS ARISING OUT OF RECENT DROUGHT AND HER NEED FOR SPECIAL U.S. ASSISTANCE. (OTHER SUBJECTS BEING REPORTED SEPTELS). SHE SOLICITED U.S. HELP IN THREE AREAS: SPARE PARTS FOR EARTH-MOVING EQUIPMENT OF US MANUFACTURE, NEW EARTH-MOVING EQUIPMENT FOR USE BY SRI LANKA ARMY, AND PUMPS TO LIFT WATER FROM TANKS AND RIVERS AND TUBE WELLS. I SUGGESTED FUNDING FOR SPARE PARTS MIGHT BEST BEHANDLED BY USING RECENT \$15 MILLION IDA CREDIT. WHILE IT WOULD NOT BE POSSIBLE TO PROVIDE EARTH-MOVING EQUIPMENT FOR ARMY, SUCH EQUIPMENT MIGHT BE AVAILABLE TO ASSIST OTHER AGRICULTURAL DEVELOPMENT PROJECTS. I NOTED PROCEDURAL PROBLEMS IN CONNECTION WITH PUMPS BUT SAID THAT WE COULD EXAMINE THIS POSSIBILITY CAREFULLY. IN FORWARDING PRIME MINISTER'S REQUESTS TO WASHINGTON, I HAVE SUGGESTED VARIOUS ALTERNATIVES WHICH MIGHT BE EXPLORED
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 COLOMB 00278 302221Z

IN AN EFFORT TO MEET SOME OF GSL'S REQUIREMENTS. END SUMMARY.

2. IN STRESSING URGENT GSL'S NEEDS DURING MY JANUARY 29 MEETING, PRIME MINISTER SAID THAT HOPES FOR

SUCCESSFUL FOOD PRODUCTION DRIVE HAD BEEN SERIOUSLY SET BACK BY DROUGHT WHICH BEGAN IN LATE 1974. AS RESULT ESTIMATES OF CROP YIELDS FOR MAHA HAD BEEN SHARPLY REDUCED AND REQUIREMENTS FOR IMPORTED GRAIN INCREASED PROPORTIONATELY. GSL NOW ESTIMATED IT WOULD NEED TO IMPORT ABOUT 400,000 TONS OF FOOD GRAINS AS COMPARED WITH EARLIER ESTIMATE OF 200,000 TONS. (SINCE 1975 RICE/WHEAT IMPORTS COULD TOTAL 800,000 TONS, PRESUME PM REFERRED TO RICE ONLY). GENERAL ECONOMIC DISTRESS WAS REFLECTED IN TOKEN STRIKE THREAT FOR JANUARY 31 WHICH GOVERNMENT FORTUNATELY HAD JUST BEEN ABLE TO RESOLVE (BEING REPORTED SEPTEL) AND BY UNITED FRONT'S LOSS OF KALAWEWA BY-ELECTION.

3. TO MEET SPECIAL NEW SITUATION ARISING OUT OF DROUGHT, PRIME MINISTER SAID THAT THERE WERE TWO BASIC NEEDS FOR WHICH SHE HOPED US HELP WOULD BE FORTHCOMING: FIRST NEED WAS FOR ADDITIONAL EARTH-MOVING EQUIPMENT AND SPARE PARTS FOR EXISTING EQUIPMENT; SECOND NEED WAS FOR PUMPS TO LIFT WATER FROM RIVERS AND TANKS AS WELL AS FROM TUBE WELLS. TO MEET THESE CRITICAL REQUIREMENTS SHE HAD ANNOUNCED OVER PAST WEEKEND ESTABLISHMENT OF A SPECIAL PRIME MINISTER'S FOOD PRODUCTION FUND IN HOPE FOREIGN COUNTRIES COULD CONTRIBUTE IN CASH OR KIND. FIRST CONTRIBUTION TO THIS FUND, A \$50,000 PLEDGE, HAD COME FROM TINY NAURU, WHOSE PRESIDENT HAD VISITED SRI LANKA FOR ECAFE CONFERENCE LAST SPRING AND HAD BEEN IMPRESSED WITH GSL'S NEEDS.

4. PRIME MINISTER SAID SHE HAD BEEN TOLD BY HER OFFICIALS THAT THERE WERE SOME 60-ODD US-MANUFACTURED BULLDOZERS SIDELINED ON ISLAND FOR LACK OF SPARE PARTS AND THAT SUCH SPARE PARTS WERE AVAILABLE IN SINGAPORE. SHE THEREFORE HOPED USG COULD PROVIDE FUNDS FOR SPARES SO THAT BULLDOZERS COULD BE PUT TO WORK CLEARING LAND FOR AGRICULTURAL USE. IN ADDITION, SHE WISHED TO KNOW WHETHER WE COULD HELP WITH MUCH-NEEDED PUMPS AND WHETHER THESE MIGHT BE AVAILABLE "ON THE SHELF" IN US FOR PROMPT DELIVERY. FINALLY, SINCE SRI LANKA ARMY WAS QUITE EFFICIENT IN CLEARING AGRICULTURAL LANDS AS PART OF ITS CIVILIAN WORKS PROJECT, LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 COLOMB 00278 302221Z

SHE HOPED US MIGHT BE ABLE TO PROVIDE LAND-CLEARING AND RELATED EQUIPMENT FOR ARMY'S USE IN PUSHING EMERGENCY FOOD PRODUCTION PROGRAM.

5. I TOLD PRIME MINISTER THAT WE CONTINUED VERY SYMPATHETIC TO GSL'S FOOD REQUIREMENTS. AFTER OUTLINING SOME OF PROBLEMS WHICH HAD CAUSED DELAY, I SAID I HOPED SOON TO BE ABLE TO GIVE HER SOME POSITIVE INFORMATION RE US PL 480 WHEAT FLOUR CONTRIBUTION. IN CONSULTATION WITH GSL OFFICIALS WE WERE ALSO GIVING POSITIVE CONSIDERATION TO PROVIDING FERTILIZER UNDER OUR NEW FY 75 DEVELOPMENT LOAN. PRIME MINISTER INTERVENED AT THIS POINT TO SAY THAT WHILE FERTILIZER WOULD BE NEEDED AND

WAS WELCOME, IT DID NOT HAVE SAME URGENCY AS OTHER REQUIREMENTS SHE HAD CITED. FERTILIZER DRAWDOWNS DURING RECENT MONTHS HAD BEEN LESS THAN ANTICIPATED. REASON WAS THAT FARMERS HELD OFF BUYING FERTILIZER WHEN FERTILIZER SUBSIDY HAD BEEN REMOVED LAST YEAR, AND ALTHOUGH SUBSIDY HAD BEEN PARTIALLY RESTORED, DROUGHT CONDITIONS WERE STILL CAUSING FARMERS TO WITHHOLD THEIR NORMAL PURCHASES. SHE HOPED THAT AT LEAST PORTION OF FUNDS BEING CONSIDERED FOR FERTILIZER MIGHT INSTEAD BE USED FOR PUMPS, SPARE PARTS, AND EARTH-MOVING EQUIPMENT.

6. I WENT ON TO SAY THAT WHILE WE WOULD GIVE URGENT CONSIDERATION TO HER REQUEST, I COULD ANTICIPATE PROBLEMS ARISING BECAUSE OF COMPLICATED AID PROCEDURES AND CONGRESSIONAL REQUIREMENTS WHICH DID NOT GIVE US AS MUCH FLEXIBILITY AS I PERSONALLY MIGHT DESIRE. I THEREFORE SUGGESTED THAT ONE COURSE OF ACTION RE SPARE PARTS MIGHT BE THROUGH RECOURSE TO IDA'S RECENT \$15 MILLION CREDIT FOR AGRICULTURAL AND INDUSTRIAL SPARE PARTS. WHILE GSL OF COURSE WOULD HAVE TO APPROACH WORLD BANK REGARDING USE OF IDA CREDIT, I WOULD ASK VISITING AID TEAM TO TRY TO PROVIDE APPROPRIATE FACILITATIVE ASSISTANCE AND ADVICE. WHILE INDICATING SHE HAD HOPED FOR US BILATERAL ASSISTANCE SPARES, PRIME MINISTER ACCEPTED THIS SUGGESTION AND ASKED THAT AID OFFICIALS GET IN TOUCH WITH ANANDA MEEGAMA, ADDITIONAL SECRETARY IN MINISTRY OF PLANNING.

7. I TOLD PRIME MINISTER THAT EARTH-MOVING EQUIPMENT LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 04 COLOMB 00278 302221Z

MENT FOR ARMY WOULD CREATE MAJOR PROBLEM. IT WOULD REQUIRE NEW LEGISLATION FROM THE CONGRESS EVEN IF EXECUTIVE BRANCH ENDORSED IDEA. PRIME MINISTER RECALLED WE HAD PROVIDED NON-LETHAL EQUIPMENT TO SRI LANKA MILITARY SEVERAL YEARS AGO AND ASKED WHY THIS PRECEDENT COULD NOT BE FOLLOWED. I EXPLAINED THAT EARLIER ASSISTANCE HAD BEEN PROVIDED UNDER PRESIDENTIAL DETERMINATION ARISING OUT OF GSL'S REQUEST FOR MILITARY AID IN CONTEXT OF APRIL 1971 INSURGENCY. THESE SPECIAL CIRCUMSTANCES NO LONGER PREVAILED AND THEREFORE I DID NOT SEE ANY REAL PROSPECT OF OUR PROVIDING EQUIPMENT DIRECTLY TO SRI LANKA ARMY. THIS, HOWEVER, WOULD NOT PRECLUDE OUR GIVING CONSIDERATION TO EARTH-MOVING EQUIPMENT FOR OTHER AGRICULTURAL PROJECTS AND VISITING AID TEAM WOULD BE PREAPRED TO EXAMINE ANY PROPOSALS GSL MIGHT PUT FORWARD.

8. WITH REGARD TO PUMPS, I SAID THAT THIS, TOO, WOULD BE EXAMINED CAREFULLY. HERE AGAIN, MUCH AS

I PERSONALLY MIGHT REGRET OUR INABILITY TO MOVE RAPIDLY AND FLEXIBLY, OUR INTERNAL PROCEDURES MIGHT CREATE PROBLEMS. SINCE FY 75 DEVELOPMENT LOAN FOR FERTILIZER SEEMD ON THE TRACKS, AND WE COULD TIME OUR DELIVERIES TO MEET GSL'S REQUIREMENTS, IT MIGHT BE UNWISE TO MAKE MAJOR ADJUSTMENTS, PARTICULARLY SO BECAUSE WE HAD BEEN INFORMED BY GSL OFFICIALS THIS WEEK THAT FERTILIZER WAS STILL WANTED. NONETHELESS, I WOULD SEE WHETHER THERE WAS ANYTHING WHICH MIGHT BE DONE WITH REGARD TO PUMPS, EITHER FOR THIS FISCAL YEAR OR FOR NEXT.

9. COMMENT: AS WASHINGTON AGENCIES WILL NOTE, I MADE ESSENTIALLY NEGATIVE OR NON-COMMITTAL REPLIES TO EACH OF PRIME MINISTER'S REQUESTS, EXPLAINING OUR PROBLEMS LARGELY IN TERMS OF OUR BUREAUCRATIC PROCEDURES AND CONGRESSIONAL REQUIREMENTS. SUCH EXPLANATIONS, HOWEVER, ARE NOT VERY HELPFUL OR FORTHCOMING RESPONSES TO A PRIME MINISTER WHO FACES NEW AND MOUNTING PROBLEMS, ECONOMICALLY AND POLITICALLY, AS RESULT OF NEW DROUGHT SITUATION.

LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 05 COLOMB 00278 302221Z

10. AS INDICATED, IN ORDER PROVIDE INDICATION OF OUR SYMPATHETIC INTEREST, I AM ASKING AID TEAM TO SET ASIDE SMALL AMOUNT OF TIME PROVIDE ADVICE AND FACILITATIVE ASSISTANCE TO GSL ON SPARE PARTS AND I HOPE IDA FUNDS WILL BE AVAILABLE. NEED FOR EARTH-MOVING EQUIPMENT MIGHT BE PARTIALLY MET WITHIN CONTEXT OF OTHER AGRICULTURAL PRODUCTION PROJECTS SUCH AS 23,500-ACRE KALAWEWA RIGHT BANK PROJECT FOR WHICH GSL HAS ASKED FOR US ASSISTANCE UNDER MAHAWELI GANGA STAGE 2. AID TEAM PLANS MAKE ON-THE-SPOT EXAMINATION OF THIS SCHEME WITHIN FRAMEWORK OF ITS EXAMINATION OF FY 76 PROJECT POSSIBILITIES.

11. I WOULD ALSO HOPE WE COULD TAKE CLOSE LOOK AT PRIME MINISTER'S REQUEST FOR PUMPS. IF PUMP REQUEST IS A VIABLE ONE, AND IF WE CAN MOVE RAPIDLY TO HELP MEET IT, WE WOULD OBTAIN SIGNIFICANT POLITICAL CREDIT AND WOULD ALSO HELP TO OVERCOME PRIMARY LIMITING FACTOR ON AGRICULTURAL PRODUCTION--LACK OF WATER. WE MIGHT CONSIDER FEASIBILITY SPLITTING \$1-\$2 MILLION OUT OF OUR PROPOSED FY 75 DEVELOPMENT LOAN AND USING THIS MONEY FOR PUMPS, ASSUMING SUCH PUMPS ARE READILY AVAILABLE. THIS CONNECTION, I RECALL THAT AID'S FIELD BUDGET SUBMISSION FOR FY 1976, PREPARED LAST AUGUST, NOTED THAT ASIA BUREAU WAS GIVING SOME CONSIDERATION FOR A FY 75 AGRICULTURAL SECTOR LOAN TO COVER "FOREIGN EXCHANGE COSTS OF PURCHASING AGRICULTURAL MACHINERY, EQUIPMENT AND SPARE PARTS." IF

THIS IS NOT FEASIBLE FOR FY 75, WE MIGHT GIVE POSITIVE
CONSIDERATION TO THIS TYPE OF LOAN FOR FY 76.

12. EMBASSY WILL DISCUSS THESE AND OTHER OPTIONS WITH
VISITING AID TEAM WHOSE VISIT HERE IS MOST TIMELY IN
VIEW PRIME MINISTER'S SPECIAL REQUESTS. WE MAY HAVE
ADDITIONAL RECOMMENDATIONS AT LATER DATE. MEANWHILE,
WOULD APPRECIATE ANY REACTIONS OR SUGGESTIONS WASHING-
TON MIGHT HAVE.
VAN HOLLEN

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXCAVATING EQUIPMENT, FOREIGN ASSISTANCE, SPARE PARTS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975COLOMB00278
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750035-0294
From: COLOMBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750189/baaaauvn.tel
Line Count: 229
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUL 2003 by MartinML>; APPROVED <20 NOV 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 970930
Subject: n/a
TAGS: EAID, CE, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006